

REMARKS

The following remarks are submitted to be fully responsive to the Official Action of **January 16, 2004**. Reconsideration and allowance of this application are respectfully requested.

First Applicants wish to thank Examiner Sherr and SPE Trammell for conducting a personal interview on June 23, 2004. During the interview, an agreement was reached to amend the independent claims as substantially submitted herewith to overcome the applied and cited references, and which is believed to place the case in condition for allowance, as set forth below, pending the Examiner's further search and/or consideration. No new matter is introduced (see, e.g., Specification, paragraphs [0022], and [0023]).

As a preliminary matter, it is also noted that not all of the references cited via Information Disclosure Statements (IDSs) have not been considered by the Examiner. For example, the references cited in the Information Disclosure Statements filed August 30, 2002, and September 27, 2002 appear to not have been considered by the Examiner. Accordingly, the Examiner is respectfully requested to consider the references cited in the noted Information Disclosure Statements and return copies of the corresponding IDS forms initialed by the Examiner indicating consideration of the references cited therein.

Referring now to the present Office Action, claims 1-14 were rejected under 35 U.S.C. §102 as being anticipated by U.S. Patent No. 6,611,812 to *Hurtado et al.* The rejection of claims 1-14 is respectfully overcome, because *Hurtado et al.* fails to disclose, teach or suggest all of the features recited in the claims. For example, independent claim 1, as amended, recites:

transferring the digital work to a second user and setting the current user identification flag to correspond to the second user, **wherein usage rights are allocated based on a percentage partially allocated between the first user and the second user;** and

independent claim 9, as amended, recites:

means for manipulating said current user identification module to change the current user identification flag of the identity information from a current user to a second user upon transferring the content from the first user to the second user, **wherein usage rights are allocated based on a percentage partially allocated between the first user and the second user.**

By contrast, *Hurtado et al.* is directed to a system and method for delivery of encrypted digital content to an end user system, wherein the system creates a secure container using an encrypting key from a clearing house, and the secure container has an encrypting key therein from the end user system. The system transfers a secure container to the clearing house for authentication of permission to decrypt the content by the end user. The system receives from the clearing house, a secure container encrypted using the encrypting key of the end user system and containing the decrypting key for decrypting the encrypted content by the end user (Abstract). The end user can transfer the encrypted digital content to another end user, wherein the above processing is repeated for the other end user (col. 86, lines 44-67). However, *Hurtado et al.* is silent with respect to usage rights being allocated based on a percentage partially allocated between a first and a second user, as recited in independent claims 1 and 9, as amended.

As noted during the interview, conventional systems are directed to a full 100% transfer of usage rights or a full 100% retention of usage rights (i.e., 0% transfer). However, as further discussed during the interview, by employing usage rights that are allocated based on a percentage partially allocated between first and second users, as recited in independent claims 1 and 9, advantageously, various usage rights sharing scenarios can be effectuated between end users. For example, the noted feature can be used to (i) allow a first user to use or retain 20 minutes of 100 minutes of content usage and transfer the remaining 80 minutes of content usage to a second user, (ii) allow a first user to use or retain 20 minutes of 100 minutes of content usage and transfer 70 minutes of the remaining 80 minutes of content usage to a second user, wherein the remaining 10 minutes of the 80 minutes can be used as a part of a fee or transferred to a third user, etc., and the like. By contrast, *Hurtado et al.* fails to disclose, teach or suggest the noted features nor provides the noted advantages of the inventions recited in independent claims 1 and 9.

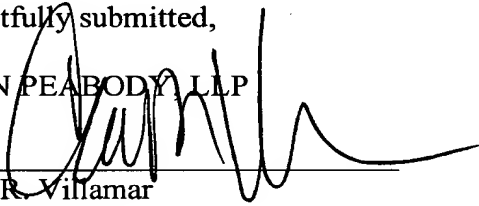
Dependent claims 2-8 and 10-14 are allowable over *Hurtado et al.* on their merits and for at least the reasons as argued above with respect to independent claims 1 and 9. In addition, the Specification has been amended to correct discovered informalities. No new matter is introduced.

The prior art that has been cited, but not applied by the Examiner, has been taken into consideration during formulation of this response. However, since this art was not considered by the Examiner to be of sufficient relevance to apply against any of the claims, no detailed comments thereon is believed to be warranted at this time.

In view of the foregoing, it is submitted that the present application is in condition for allowance and a notice to that effect is respectfully requested. However, if the Examiner deems that any issue remains after considering this response, the Examiner is invited to contact the undersigned attorney to expedite the prosecution and engage in a joint effort to work out a mutually satisfactory solution.

Respectfully submitted,

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